

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Planning and Building	(2) MEETING DATE 2/14/2012	(3) CONTACT/PHONE Dana Lilley, Supervising Planner/805-781-5715	
(4) SUBJECT Status Report on Economic Initiatives: (1) Economic Element Update, (2) Economic Vitality Corporation and County Partnership, and (3) the Business Assistance Team (BAT) Approach to Permit Processing – Pilot Project Results			
(5) RECOMMENDED ACTION That the Board of Supervisors receive and file this report.			
(6) FUNDING SOURCE(S) N/A	(7) CURRENT YEAR FINANCIAL IMPACT \$0.00	(8) ANNUAL FINANCIAL IMPACT \$0.00	(9) BUDGETED? Yes
(10) AGENDA PLACEMENT <input type="checkbox"/> Consent <input type="checkbox"/> Presentation (Time Est. _____) <input type="checkbox"/> Hearing (Time Est. _____) <input checked="" type="checkbox"/> Board Business			
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input checked="" type="checkbox"/> N/A		(12) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: <input type="checkbox"/> 4/5th's Vote Required <input checked="" type="checkbox"/> N/A	
(13) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(14) W-9 <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	
(15) LOCATION MAP N/A	(16) BUSINESS IMPACT STATEMENT? Yes	(17) AGENDA ITEM HISTORY <input type="checkbox"/> N/A Date <u>September 6, 2011</u>	
(18) ADMINISTRATIVE OFFICE REVIEW			
(19) SUPERVISOR DISTRICT(S) All Districts -			

County of San Luis Obispo



TO: Board of Supervisors

FROM: Planning and Building / Dana Lilley, Supervising Planner

VIA: Jason H. Giffen, Director

DATE: 2/14/2012

SUBJECT: Status Report on Economic Initiatives: (1) Economic Element Update, (2) Economic Vitality Corporation and County Partnership, and (3) the Business Assistance Team (BAT) Approach to Permit Processing – Pilot Project Results

RECOMMENDATION

That the Board of Supervisors receive and file this report.

DISCUSSION

Updating the Economic Element

While not required under state law, San Luis Obispo County adopted an Economic Element as part of its General Plan in 1999. Much of the information contained in the element is now outdated. On September 6, 2011, the Board of Supervisors authorized the Planning and Building Department to initiate work to update the Economic Element to be comprised of broad goals and policies that would complement the Economic Vitality Corporation's (EVC) Clusters of Opportunity Economic Strategy (hereinafter referred to as "Economic Strategy").

Consistent with direction from the Board, the Planning and Building Department reviewed the existing goals and policies to ensure that they are consistent with the Economic Strategy. Staff also reviewed more than twenty-seven economic elements and economic strategies from a variety of counties and cities in California, looking for goals and policies that would be relevant in San Luis Obispo County and be supportive of the Economic Strategy. This work revealed that the existing Economic Element already includes a comprehensive collection of goals and policies that complement the Economic Strategy. Accordingly, staff initially proposed to add five new policies, delete three policies, and revise seven policies, while leaving the four broad goals and the remaining 19 policies unchanged.

As part of the update effort staff, with assistance from the EVC, recently invited key business leaders from the business clusters and representatives of local chambers of commerce to review the proposed goals and policies, and to provide early technical advice to the County. This step was implemented in order to improve the functional relationship of the Economic Element with the Economic Strategy before preparing a complete public review draft of the updated element. To facilitate this input, staff from the Department and the County Administrative Office conducted a workshop on January 13, 2012, which was attended by sixteen local business leaders. In addition, Supervisors Frank Mecham and Adam Hill attended portions of the meeting. During this meeting, participants separated into three smaller groups that generally recommended revisions to 13 policies, deletion of 3 policies, and the addition of 5 new policies. A second workshop to review draft text associated with the goals and policies is scheduled for February 17, 2012. After that workshop, staff will prepare the public review draft of the Economic Element and environmental review. As a part of the public review, the proposal will be referred to a variety of stakeholder groups for input. The first Planning Commission hearing is tentatively scheduled to take place in the spring.

EVC and County Partnership – Providing Economic Information to the Board

Business impact statements – Beginning September 13, 2011, Board letters for discretionary decisions meeting certain criteria have included a statement about how the decision might affect the business clusters identified in the Economic Strategy. The statements briefly explain the potential impact the action may have on the business community, but they generally do not include quantified data. The criteria are as follows:

1. Land use policies: requested actions to adopt, amend or eliminate land use policies should include business impact information.
2. Discretionary land use permits - residential: requested actions to approve or deny land use permits which would authorize development of five or more homes should include business impact information. This threshold also applies to land divisions.
3. Discretionary land use permits - nonresidential: requested actions to approve or deny land use permits which would authorize development of nonresidential buildings totaling 10,000 square feet or more should include business impact information.

Quantified economic information - The business leaders involved in the Economic Strategy asked that the County begin including economic data in reports, which the EVC would facilitate. Toward this goal, the EVC has established an *Economic Analysis Program* that is made up of two components. The first component addresses policy development and implementation. The EVC has agreed to be a referral agency for ordinance and general plan amendments. They will act as a conduit to the business clusters. The clusters will then determine whether to provide comment or to ask the EVC as a whole to comment or take a position. The second component addresses discretionary projects. The EVC secured funding through the Workforce Investment Board to acquire a license for an online economic analysis tool, known as EMSI. This economic analysis tool enables EVC staff to enter data regarding a proposed land use project (provided by the project applicant) and obtain more complete economic data that could be attached to Board letters. This analysis tool shows both direct and induced benefits in terms of jobs created, private capital invested, and taxable property value or sales in the county. It is at the discretion of an applicant whether to use this tool to develop the data and provide that data to the county. In other cases, most notably large public policy initiatives, the County would commission a consultant to prepare the economic data. Thus, the EVC proposal is for a three-tier approach:

- Tier 1 Economic Benefit Self-Assessment – An applicant can choose to enter data into the forms hosted on the EVC website and the EVC forwards that data as-is to County staff.
- Tier 2 EVC Economic Benefit Analysis – An applicant can choose to enter data into the forms hosted on the EVC website and ask the EVC staff to use that data to develop more comprehensive data through the online economic analysis tool for which the EVC has a user license. Staff spoke recently with the firm that provides this analysis tool and found that, while a number of agencies in California use the tool as needed, the EVC proposal is somewhat ground-breaking because it will use the firm's newest input-output model based on sales data.
- Tier 3 Third Party Consultant Verification – The County may choose to commission its own economic analysis through a qualified consultant for findings supporting actions to adopt plans and/or environmental documentation (such as environmental impact reports). When associated with a land use project, this cost would be borne by an applicant. For County initiated policy actions, the cost would be borne by the County.

Staff will present more information on the three tiered options above once the online analysis tool has been upgraded to be consistent with local data and the EVC refines their implementation plans.

Business Assistance Team (BAT) for Permit Processing – Pilot Project Results

Business owners and their agents have told County staff that reducing the time needed to process land use and construction permits is a good way to enable job growth. Businesses want more predictability and timeliness, especially when they have a business that needs to move or expand and wants to stay in the area. In response, the Department initiated a pilot project in August 2011. Under the “business assistance team” (or “BAT”) approach, staff is able to improve the speed and predictability of permits for businesses that will provide good jobs within urban areas. The project manager acts as the navigator to facilitate timely processing by avoiding or resolving obstacles to timely processing. Performance of the pilot program will be evaluated in six months and if there is measurable success it will be continued.

The first application to benefit from the BAT approach was approved by the Planning Commission on November 3, 2011, just 36 days after it was accepted as complete for processing by the County. This project, sometimes referred to as the LEVEL Studios project, includes a new 46,000 square foot office building to house an expanding software development company on a site across Broad Street from the airport. The expedited permit was justified because of the significant public benefits it will provide, including retention of 150 jobs and the potential for this firm to double the number of well-paying jobs. This project demonstrates that a permit can be processed quickly when the major environmental and infrastructure issues have been resolved up front and when County priorities enable its staff to expedite permits. This is why the Planning and Building Department has long promoted the concept of master-planned developments, both residential and commercial, as a strategy for resolving physical constraints to new development well in advance of individual project applications. Expediting the LEVEL Studios project has continued into the plan checking phase with the processing of four building permits requiring review by both the Public Works and Planning and Building Departments.

OTHER AGENCY INVOLVEMENT/IMPACT

The Planning and Building Department would not have been able to process the LEVEL Studios permit as quickly as it did without the collaboration of the Public Works and Environmental Health Departments. The Economic Vitality Corporation (EVC) has been closely coordinating with the Department in the creation of their tiered approach and in developing a method to involve the business clusters in policy review. In addition, the EVC is supportive of the Department’s Business Assistance Team and has been assisting the Department in finding projects to participate.

BUSINESS IMPACT STATEMENT

No action is requested today as part of this item, so it will not directly impact any businesses. However, continued use of the BAT for permit processing will benefit the business clusters through more quickly processed permits. This, in turn, will both reduce costs to applicants, enable businesses to respond more quickly to economic opportunities, and create a positive environment that will encourage business retention in the County.

FINANCIAL CONSIDERATIONS

N/A

RESULTS

The intended result of this item is to update the Board of Supervisors and public regarding selected economic initiatives by the County.